

**Submission:**

**Fairer Parental Leave Bill 2016**

**Submission to the Senate Standing Committee  
for the Scrutiny of Bills**



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## **SUBMISSION TO THE STANDING COMMITTEE FOR THE SCRUTINY OF BILLS**

Inquiry into the provisions of the Fairer Paid Parental Leave Bill 2016

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## 1. Introduction

The Finance Sector Union of Australia (FSU) is the trade union representing employees working in the banking, finance and insurance sector. This industry consists of around 420 100 employees nationwide, with women making up approximately 51% of the total number of workers within the sector<sup>1</sup>.

The current statutory paid parental leave scheme was designed to complement and supplement existing entitlements to employer funded parental leave schemes to maximise the amount of time a primary carer can spend away from the workplace with a newborn baby<sup>2</sup>. Under the current legislation a worker can access both their employer funded scheme *and* the statutory scheme and there is *no* maximum entitlement.

The proposed legislation provides for a maximum total of 20 weeks paid parental leave when combining a worker's employer funded paid parental leave *and* the statutory scheme. This will leave any worker with access to an employer funded scheme with a lower entitlement to the statutory scheme.

This Bill, if passed, will have a major impact on our members, the majority of which are modestly paid women.

In preparation for this submission, we have used information sourced as follows:

1. A written survey distributed to all members in October 2016 about the impact of the proposed changes to paid parental leave
2. Workplace Gender Equality Agency data on rates of parental leave in our industry
3. Personal stories shared by FSU members concerned about the impact of the proposed changes.

The FSU supports the submission put forward by the Australian Council of Trade Unions (ACTU) and welcomes the opportunity to provide input into this inquiry based on the experiences of our members.

If you would like further information on this submission, please contact Angela Budai, National Industrial Officer by e-mail: [Angela.Budai@fsunion.org.au](mailto:Angela.Budai@fsunion.org.au).

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<sup>1</sup>[https://www.wgea.gov.au/sites/default/files/20160801\\_Industry\\_occupational\\_segregation\\_factsheet.pdf](https://www.wgea.gov.au/sites/default/files/20160801_Industry_occupational_segregation_factsheet.pdf)

<sup>2</sup> *Paid Parental Leave Act* (2010); Part 1-1 Division 1A Objects of this Act

## 2. Background

The *Paid Parental Leave Act* (2010) was introduced to allow carers to take time off work to care for their new children, to enhance the health and development of mothers and their children, to encourage and support women's participation in the paid workforce, to promote equality between men and women and balance between work and family life<sup>3</sup>.

We note that the existing scheme was designed to complement and enhance the existing family-friendly arrangements that many employers already offer<sup>4</sup>.

The FSU is a strong supporter of paid parental leave (PPL) and as a result, has secured some of the best private sector provisions in Australia on behalf of our members. Most of the employers in our sector have long recognised the strong business case for PPL and provide a range of family-friendly provisions, achieved through enterprise bargaining, since the mid to late 1990s.

Amongst the major employers in our industry, 12 weeks employer-funded PPL is the standard, with some employers offering up to 14 weeks PPL. Some of the smaller employers like credit unions and mutual banks offer 6-8 weeks PPL, whilst only 26% of employers in our industry offer no employer funded paid parental leave at all<sup>5</sup>.

When combined with government-funded paid parental leave, many new parents in the finance industry are able to meet the 26 weeks paid leave that is recommended by various health organisations as the optimal period of paid leave in terms of child and maternal health.

The FSU example is an excellent illustration of the existing scheme being used exactly as it was intended – a partnership between employers and government to complement and enhance existing family-friendly arrangements that many employers already offer- with the ultimate goals of:

- Optimising health outcomes for mother and child
- Providing financial stability for families
- Increasing workforce participation of women
- Promoting gender equality and healthy work-life balance for families

In the FSU's recent survey distributed to all members, 82% of all respondents indicated that they opposed the government's proposal to cut government funded paid parental leave for those who receive employer funded paid parental leave, (75% strongly disagreed and a further 7% disagreed).

Under the proposed changes, many families in the finance industry stand to lose the government contribution to their paid leave entirely, whilst others stand to have the government portion significantly reduced.

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<sup>3</sup> *Paid Parental Leave Act* (2010); Part 1-1 Division 1A Objects of this Act

<sup>4</sup> *Paid Parental Leave Act* (2010); Part 1-1 Division 1A Objects of this Act

<sup>5</sup> Workplace Gender Equality Agency, Public Reports <https://www.wgea.gov.au/public-reports-0> Viewed 9 December 2016

### 3. FSU Concerns

#### 5. Families will be significantly worse off both financially and in terms of time spent caring for their new babies

The ACTU estimates that approximately 80 000 families will be negatively impacted by the proposed changes to paid parental leave<sup>6</sup>.

FSU analysis of WGEA data from 234 employers in the finance industry shows that in the financial year 2015/2016, 14 918 employees (13 909 women and 1009 men) accessed employer-funded paid parental leave as primary carers<sup>7</sup>.

The proposed cuts to paid parental leave will thus have a significant impact on more than 14 000 workers in the finance industry who stand to lose up to 18 weeks paid leave (worth \$12 108).

Please see the following case studies from FSU members demonstrating the financial impact of cutting government-funded parental leave payments.

#### Case Study: Jade

Jade is expecting her first baby in 2017. Her employer provides her with 14 weeks paid parental leave.

Jade is hoping to take 12 months off work when her baby is born. The combination of her employer funded paid parental leave, and access to the government scheme would have allowed Jade to have 32 weeks at home with her baby with some income.

Under the proposed changes the government component will be reduced to just 6 weeks (a loss of \$9 418). Jade's paid time at home to care for her newborn will be cut by over 3 months (12 weeks).

Of the proposed changes Jade says:

*"If the government reduces my entitlement from 32 to just 20 weeks, this would have a huge impact on us. It would likely mean that I'd have to return to work sooner than I'd like just to keep up our mortgage payments and to manage the ongoing expenses that come with having a child".*

<sup>6</sup> ACTU Media Release, "Unions will work with business over unfair cuts to paid parental leave", 15<sup>th</sup> May 2015 <http://www.actu.org.au/actu-media/media-releases/2015/unions-will-work-with-business-over-unfair-cuts-to-paid-parental-leave> Viewed 13/7/2015

<sup>7</sup> Workplace Gender Equality Agency, Public Reports <https://www.wgea.gov.au/report/public-reports> Viewed 9/12/2016

### Case Study: Karen

Karen is expecting her first baby in 2017. Her employer provides her with 12 weeks paid parental leave. Karen had planned to access the government scheme immediately following the 12 weeks provided by her employer and then return to work. Karen's husband is self employed and they can't afford for him to not work. Neither of them have family support as their parents are well into their 70s.

Under the proposed changes the government component will be reduced to just 8 weeks, a loss of \$6 727 and 10 weeks less at home with her newborn.

*"I haven't even begun to investigate child care should I have to return to work earlier... it may be too late to secure a spot. I'd have to compromise breastfeeding my child and cut my leave short. The media coverage is causing a lot of anxiety in our household, not to mention the anxiety of now having a significant reduction in our accessible income to care for our child".*



### Case Study: Emily

Emily works for one of the big banks and has access to 12 weeks employer funded paid parental leave. Emily had a baby earlier this year and was able to access almost 10 months off when combining her employer funded scheme, that she accessed at half pay, and the government scheme. Emily's husband was out of work while she was pregnant and had some problems bonding with her newborn.

Emily says:

*"For myself it was not love at first sight with my daughter and it took time for me to bond which came as a complete surprise. If I didn't have the time to bond with my daughter and establish breastfeeding I think I'd be in a much healthier place mentally".*



# OUR JOBS OUR FUTURE

FSU members responding to the 2016 FSU Survey about paid parental leave shared their stories about how the proposed changes will impact their families. Following are extracts from the survey:

*“We were planning on adding to our family early next year, but have now had to put those plans on hold as we can not afford for me not to work for such a large amount of time without financial support. I am not leaving my young baby in crucial years of their life because I have to return to work due to finances. It is sad that the government is so backward in thinking, and thinks so little of the growing population of Australia and what these babies need”. FSU Member (WA) Survey 2016.*

*“As a working mum with a single income family it was very helpful for me to be able to access the paid parental leave as well as leave from my employer. Had I not been able to have the government payment I would have had to return to work when my baby was 10 weeks old as I would not have been able to afford any unpaid leave. This would have caused a lot of stress which in turn would lead to a lot of sick leave being taken and would not have been good for the baby's health either” FSU Member (NSW) Survey 2016.*

*“I'm planning to have kids in the next couple of years, and this cut would mean I will need to return to work sooner as we couldn't afford for me to take a full 12 months maternity leave, with a large portion unpaid. My husband works away (FIFO) so if I did have to go back to work earlier, our children would have limited interaction with either of their parents in the early stages of their life”. FSU Member (WA) Survey 2016.*

*“I am the main bread winner and I would like to have the time to be able to breastfeed. Having the payment allows me to have extra time off and not have to worry about going back to work straight away”. FSU Member (VIC) Survey 2016.*

*“I am 30 weeks pregnant and due on the 2nd Feb 2017. It is extremely difficult to determine our finances with no certainty about what we may be entitled to when our baby is born. My partner and I recently moved from Sydney to a regional area so that we could afford to buy our first home. We don't have family living close by to help care for our baby. The proposed changes would impact our ability to meet our living costs and the amount of time spent with our baby. Couples need to spend time planning financially when having children. This seems impossible when the proposed changes could take effect in just over 1 month. The not knowing places unnecessary stress on pregnant women”. FSU Member (NSW) Survey 2016.*

*“We live a modest lifestyle with a basic mortgage and nothing out of the ordinary. Losing my wage for at least 9 months after my employer maternity leave ends will have us unable to make basic needs. On my husbands \$800 wage we will have to pay at least \$650 per week out between mortgage, insurances, food and bills leaving only \$150 for incidentals, clothing, doctors. Forget about*

*car tyres and services, breakdowns, swimming lessons and who knows what else I've forgotten. My first child I stayed home for 14 months and did not put him into child care until then ... I felt it was just borderline of enough time with him to bond and watch him grow. Now I could not imagine leaving a 3 month old behind". FSU Member (VIC) Survey 2016.*

## **6. Cuts to paid parental leave will widen inequity in our industry and decrease women's participation**

Despite women making up over half the workforce in the financial services industry (51.1%)<sup>8</sup>, the pay gap between men and women is the highest in Australia, at 30.2%<sup>9</sup>. The proposed cuts to paid parental leave will further widen equity issues in our industry by reducing women's earning capacity during their child rearing years.

Given Australia's ageing workforce, tight labour market and relatively low rates of workforce participation for women of child-bearing age, retaining women in the workforce is incredibly important.

The following case study highlights the impact that cutting access to paid parental leave will have on women's participation in the workforce.

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<sup>8</sup> WGEA Gender Segregation Factsheet. August 2016

[https://www.wgea.gov.au/sites/default/files/20160801\\_Industry\\_occupational\\_segregation\\_factsheet.pdf](https://www.wgea.gov.au/sites/default/files/20160801_Industry_occupational_segregation_factsheet.pdf)

Viewed 12/12/16

<sup>9</sup> Workplace Gender Equality Agency, Gender Pay Gap Statistics, August 2016

[https://www.wgea.gov.au/sites/default/files/Gender\\_Pay\\_Gap\\_Factsheet\\_final.pdf](https://www.wgea.gov.au/sites/default/files/Gender_Pay_Gap_Factsheet_final.pdf) Viewed 12/12/2016

## Case Study: Viktoria

Viktoria has worked for one of the big banks for 7 years and has a 4 year old son. She is pregnant with her second child.

Viktoria is a part time business analyst earning \$61 578 per annum. She is due to have her second child in February 2017.

One of the reasons Viktoria has stayed with her employer is because of the paid parental leave and family friendly working arrangements.

She is entitled to 13 weeks paid parental leave from her employer, approximately \$15 395.

She is also entitled to 18 weeks government-funded paid parental leave, worth \$12 108.

Under the proposed changes the government component is cut to just 7 weeks and she will be \$7 400 worse off. Kelly's paid time at home to care for her second baby will be reduced by 11 weeks.

Viktoria had planned to return to work at the end of her 12 month parental leave period, however, the planned changes have eroded Viktoria's attachment to her workplace.

*"With careful budgeting I was planning to take employer funded PPL over 26 weeks at half pay and 18 weeks of government pay after that. That would have taken me up to my son starting school and the baby would have started care after he or she is one. The proposed change threw my plans in disarray. I now work part time and I cannot afford to have two children in care 4 days a week to return to work when my leave runs out. So if the proposal goes ahead I may be forced to resign my position and access some form of government assistance instead. It's a shame because I've been with my employer for 7 years and really enjoy my job".*

FSU members have explained how this proposed change will impact their decisions on returning to the workforce after they have a baby, some FSU members have described putting off having a family or not having one at all without certainty of knowing that the Statutory Scheme will be available to them:

*"My husband and I have been talking about starting a family but we are concerned how we will survive with a child, a mortgage and keeping on top of the bills whilst I am home with a newborn, even with the current paid parental leave. If this benefit is cut, there is a chance we will never have children because we will fall behind in payments and find it hard to raise a child. I can't understand why the Government would cut this. Working women who want to have a family currently need to be employed for at least 1 year before having paid leave so if this is cut, what is the incentive to keep women in the workplace? Do they not see this cut will impact the future of society? Do women stop working to stay at home and have a family? If so, how do they afford the cost of living? Husbands work harder and have no relationship with their family just so they can make ends meet? This hardly seems like a life anyone wants to live." FSU Member (WA) Survey 2016.*

FSU members who work in management roles have also shared their experiences of working with parents who come back work early and the impact this has on their productivity:

*“In the current financial climate most families require both parties to work to offer their children a good start in life. I am a store manager and have found I have happier staff when they spend as much time with their newborns as possible. When some of my mothers have come back early they are constantly worrying about their baby and having to watch the clock so they can be home to breastfeed an infant who is being looked after by someone else. Their mind is definitely not always on the job. If they weren't working at all and their partner was low income then they could be entitled to other benefits, so I think it's better they are working and have the opportunity to take paid time off to have a baby.” FSU Member (WA), Survey 2016*

Further, FSU members have expressed concern that cuts to paid parental leave will reduce access Dad and Partner’s access to paid parental leave as primary carers.

### **Case Study: Raj**

Raj recently accessed paid parental leave from his employer as a primary carer.

Raj is concerned that a reduction in the amount of paid parental leave that is available to families will further reduce the likelihood that fathers are able to access leave in order to be the primary carer for their baby. The arrangement currently in place between the government funded leave and the paid parental leave provided by his employer encourages both parents to share primary care and time out of the workforce.

*“Paid Parental Leave was one of the most rewarding experience, very thankful for the same. It was an opportunity to bond with my daughter, spend stress free time with her, play with her, get to know her and for her to know her Dad. Being able to see so many firsts, be it the first tooth, her first word Da Da, see her start crawling, making those amazing faces & expressions, thousands of photos and hundreds of videos made, priceless memorable moments. Best time of life & professional career”.*

## **7. Reduced health outcomes for women and babies**

In 2008, the Productivity Commission found that *“the evidence is most compelling that there are child health and wellbeing benefits from exclusive parental care in the first six months of life”*<sup>10</sup>

The 2014 Review of the current paid parental leave system found *“an improvement in mothers’ and babies’ health and wellbeing”*<sup>11</sup> as a result of access to paid parental leave.

The existing scheme has allowed many FSU families to receive the benefits of exclusive parental care in the first six months of life and its impact cannot be overstated.

<sup>10</sup> Australian Government Productivity Commission 2008, Paid Parental Leave Support for parents with Newborn Children, Productivity Commission Inquiry Report, Canberra.

<sup>11</sup> Australian Government Dept of Social Services, Paid Parental Leave Scheme Review Report, June 2014 p 7

*“The important fact here is the child first and foremost, in being able to have the strong connection to their mother for as long as possible before they must return to work. The jointly funding private and government paid parental leave promotes a happy health and work life balance to be able to return to work at a suitable time that is financially affordable for the family. Without this it will cause mother to return to work in most circumstances after 13 weeks. Given that you need to take a week or two off before the birth due to physical wellbeing for mother and child, the cut to paid leave means you would have to go back to work when your baby is around 10-11 weeks old. I know that being at work while my 3 month old baby is in full time care is a very stressful time, and causes strain on me the employee/mother, the employer and the child. Everyone loses. Promoting a longer period (up to 6 months) with both paid leave options is the best outcome for all”. FSU Member (Qld) Survey 2016.*

### **Case Study: Zoey**

Zoey commenced her parental leave when she was 27 weeks pregnant due to complications with her pregnancy. Zoey lives 4.5 hours away from the nearest hospital that has a neonatal unit which was where her son was treated until he came home a week after his due date. Zoey attributes the knowledge that she had access to a longer period of paid leave as something that contributed to maintaining her mental health during this trying time:

*“If I didn't have access to both leave forms I would have needed to return to work only a week after my child came home from hospital (a week after his due date). We were 4.5 hours away at a hospital capable of looking after such fragile babies and knowing I could access both forms of care provided one less worry”.*

*“My husband and I now need to delay having a second child because we can't afford it, which means I'll be older, which brings more risk and possible strain on health system, which I'm sure the government hasn't forecasted.” FSU Member (VIC) Survey 2016*

*“I am currently suffering post natal depression and only realised this 2 months after the bub was born. Having the government paid parental leave at the time helped me organise counselling without affecting my work as I did not return to work for another 3 months. I have friends who have found it hard to seek counselling as they are working straight after having a child and it doesn't fit with their work schedule”.FSU Member (WA) Survey 2016*

*“My first child had health issues for the first 12 months of his life therefore without the assistance from both my employer and the government myself and my family would have suffered severe financial hardship and we would have been more of a burden on the government and needing to access other benefits if it was not for qualifying for both benefits and my husband working overtime to supplement our income during that time. Plus I think it would have impacted my mental health therefore prolonging my return to work even longer.” FSU Member (NSW) Survey 2016*

*“After having used both my work paid leave and the government's after my second child was born I know how much it means to be able to have longer off with your baby. With my first I did not work for an employer that offered paid parental leave and the government was not offering it at that stage either so I had to go back to work when my son was 13 weeks old. Getting close to seven months off with my second was a god send. When you are a new mum and sleep deprived the more*

*time you can stay at home with your baby the better it is for everyone involved". FSU Member (SA) Survey 2016.*

## **8. Forcing women back to work too soon will exacerbate issues with return to work discrimination**

In 2014, the Australian Human Rights Commission reported that 1 in 2 mothers (49%) experience discrimination during pregnancy, parental leave or on return to work<sup>12</sup>.

Our analysis of member cases from the finance industry found that 42% of members who had been on parental leave experienced discrimination when returning to work. Many women wish to return to work, but 25% either resign from their jobs, are made redundant, dismissed or their contract is not renewed after having a baby<sup>13</sup>. A further 7.5% decrease their participation in the workforce through accessing additional unpaid parental leave.

The key factor leading to women's departure from their workplace after having a baby is difficulty accessing the flexible working arrangements they need to balance work and care for their new child.

Forcing women back to work earlier will mean more women experience the well established difficulties associated with accessing adequate child care arrangements needed for their young babies and attempting to negotiate appropriate working arrangements, ultimately resulting in more women being forced out of employment.

### **Case Study: Danielle**

Danielle works at one of the mid sized banks and has chosen not to change employers because her current employer provides paid parental leave. Danielle knew when she fell pregnant that she would be able to use her employer funded paid parental leave alongside the government scheme to maximize her time at home with her newborn baby. All of Danielle's planning has been based on this design feature of the scheme which would allow her to take a year away from work. Danielle has put her baby on a waiting list for a place in a childcare centre in 2018 and is concerned that if she has to return to work early she will not be able to access childcare for her baby. Danielle knows that her employer is reluctant to negotiate appropriate flexible working arrangements and faces the choice of resignation or returning to work full time earlier than she anticipated. Danielle's partner works a rotating night shift so she will need to pick up the bulk of the work with her new baby and toddler.

*"My employer will not allow part time work so I would have to return full time with a 2 year old and a 6 month old. This would impact breastfeeding my baby greatly not to mention my mental health. New babies are hard and what it does to your body is hard. Mums need to bond with their babies and build their immunity".*

<sup>12</sup> *Supporting Working Parents: Pregnancy and Return to Work National Review Report (2014)*, Australian Human Rights Commission, p 7

<sup>13</sup> FSU Submission to AHRC Pregnancy and Return to Work National Review [http://www.fsunion.org.au/Upload/FSU%20Publications/2014/FSU\\_submission\\_Pregnancy\\_discrimination\\_and\\_return\\_to\\_work\\_Jan\\_2013.pdf](http://www.fsunion.org.au/Upload/FSU%20Publications/2014/FSU_submission_Pregnancy_discrimination_and_return_to_work_Jan_2013.pdf), p 6

*“My employer is not very flexible with part-time working hours, despite being such a large organisation.” Julia (VIC).*

*“I am hoping to have a child in the very near future and this impacts the amount of time I have with them at home and forces me to return to work sooner, it also makes me question whether or not I should have a child as I may not be able to afford the time off.” FSU Member (SA) Survey 2016*

*“Less funds coming in could result in either mothers returning to work with negative affects, reducing their working conditions, or resigning from work. Resigning from work is not good for the company and in effect for the economy. More people are finding that they are so called 'earning' more by staying home rather than working. Bottom line, these changes will affect many working class families, low income, middle income families. Families who are trying to earn an honest living”. FSU Member (NSW) Survey 2016.*

### **9. Some employers may drop their own paid parental leave schemes which is problematic as a number of employers negotiated paid parental leave at the expense of pay increases or other conditions of employment**

The FSU is concerned by the warning from the Australian Chamber of Commerce and Industry that employers will respond by getting rid of their own schemes, denying the government the \$1 billion in savings it anticipates<sup>14</sup>. Additionally, many of the employer funded schemes in the finance industry are the result of enterprise bargaining negotiations during which higher levels of pay and/or other conditions of work were traded off for the increased parental leave benefit. Agreements negotiated since the introduction of the Statutory Scheme have been negotiated on the understanding that the Statutory scheme is universally available (albeit means tested for high income earners) to all workers. Some employer funded schemes in the finance industry were designed to work alongside the Statutory Scheme and “top up” from the minimum wage to full wage replacement.

When comparing pay outcomes in Enterprise Agreements in the finance sector where 75% of employers provide paid parental leave to the construction sector where only 20% of employers provide paid parental leave<sup>15</sup> there is a marked difference. In the 3 years from September 2013 to September 2016 reported pay outcomes (quarterly reporting) in the construction sector were higher by a total of 15.1% over this period.<sup>16</sup> When FSU negotiates Enterprise Agreements our focus is not solely on wages, but on a “total package” which includes non wage items such as paid parental leave. This often means our agreements trade off higher wages for the introduction of employer funded paid parental leave schemes. The value of these negotiated outcomes will be much reduced if this legislation is successful.

*“My wife and I have no family to rely on to help with childcare. We want to breast feed for at least six months. With a mortgage, it is hard to get by with just one income. Our employers provide paid*

<sup>14</sup> Australian Financial Review, “Budget 2015: Employers will dump parental leave, business leaders say”; 12 May 2015 <http://www.afr.com/news/policy/budget/budget-2015-employers-will-dump-parental-leave-business-leaders-say-20150512-ggvq2d>; Viewed 13/7/15

<sup>15</sup> WGEA data <http://data.wgea.gov.au/comparison/?id1=110&id2=27>; Viewed 21/12/16

<sup>16</sup> Federal Department of Employment. Trends in Federal Enterprise bargaining Sept 2016 <https://docs.employment.gov.au/node/37341>; Viewed 21/12/16

*parental leave, but we have had to trade off pay rises to get it... This little bit of government assistance is cheaper than childcare and allows us precious bonding time". Adam, VIC.*

*"It is unfair that if we choose to work for an employer who pays it, usually at the cost of working more hours and possibly more stressful jobs, that we are disadvantaged. It will mean employers choose not to pay it anymore. It will mean women having to return to work earlier and paying for childcare which is not ideal for the development of the children and our future population of Australia." Rebecca (NSW).*

*"Most employees with employer funded schemes only have these because employees have agreed to wage cuts or reduced pay increases." FSU Member (NSW) Survey 2016.*

*"An employee's negotiated benefits with an employer should not be taken into account when assessing government benefits. It devalues the work done in achieving employer-funded parental leave in the first place". FSU Member (VIC) Survey 2016.*

*"Having paid parental leave through your employer is perk of that job. You may get a lower wage to compensate. It shouldn't effect any paid leave from the government". FSU Member (SA) Survey 2016.*

## **10. Employer payroll function important to maintaining employment relationship**

We note that the employer payroll function is an important part of maintaining the employment relationship and reinforces that paid parental leave is a workplace entitlement rather than a welfare payment.

Removing the employer payroll function undermines the intention of the Act, *"to signal that taking time out of the paid workforce to care for a child is part of the usual course of life and work for both parents<sup>17</sup>".*

## **11. The impact on childcare – an unintended consequence?**

One quarter of FSU members who take parental leave (either paid, unpaid or a combination) subsequently resign from their employment<sup>18</sup>. One of the reasons FSU members cite for their resignation is their inability to access flexible working arrangements and/or find suitable childcare. Childcare is often difficult to source, particularly if the childcare required has to fit in with inflexible working arrangements and/or care for older siblings. There are parts of Australia that do not have childcare available at all for children under 2 (see case study below). The proposed legislative change will make it even more difficult for these workers who need to return to work to make ends meet and are unable to access childcare for their very young babies.

For those workers who are forced to return to work earlier than they had planned due to this change, there will be an increase in the number of young babies accessing formal childcare. Childcare costs for children under 2 are usually higher than for older children, due to staffing ratios

<sup>17</sup> *Paid Parental Leave Act (2010); Part 1-1 Division 1A Objects of this Act*

<sup>18</sup> <sup>18</sup> FSU submission to Pregnancy Discrimination and Return to Work hearings, January 2014 (p.6)

required for young babies. The increased use of childcare will also increase the number of workers who are claiming the childcare benefit and the childcare rebate which is an additional cost to government. The economic cost of increasing numbers using formal childcare due to early return to work has not been adequately factored in by the government.

### **Case Study: Natasha**

Natasha does not have any children but is planning to start a family in the near future. She works in one of the big banks in a remote outback town that does not have any childcare facilities for children under 2. Natasha is already facing an extended period out of the workforce due to lack of childcare in her local community. The withdrawal of the additional financial support will make this period even more difficult for Natasha and her partner.

“As someone who is planning on utilising paid parental leave in the near future, I will be strongly disadvantaged if the proposed cuts go through. I live in a remote outback town that does not have a childcare facility that takes children under the age of two. The financial burden for my family will be huge without the extra support.”

*“Government welfare payments should be to help out the economy and country - cutting paid maternity leave will detrimentally impact women in the work force - changing the career planning and progression. It will add financial strain on new families and in regions where child care is not offered or has limited availability (most of regional Australia) will result in a lot of dual income families needing to downsize and stop spending (slowing the economy in regional centres) to compensate for this loss of income and extended leave”. Nora, (NT).*

*“Finding child care for a young child is hard. I'm currently in maternity leave taken as long service leave and annual leave to spend more time with my nearly 5 month old baby and am having a very difficult time finding long day care for an infant... Only 2 local centres have baby rooms that can take approximately 15 babies each. At the moment I can only secure 2 days a week but I work full time hours. I'm also recovering from a complicated pregnancy and very difficult birth the time off while being paid is essential to my family”. FSU Member (NSW) Survey 2016.*

## **4. Summary and Recommendations**

The statutory scheme has been operating exactly as it was designed to operate and has successfully provided benefits to individual workers, employers, the community and government.

Finance sector employers have long understood the economic benefit of providing workers with paid parental leave with employer funded schemes gradually improving over the past 20 years. We are now at a point in Australia where many workers in the finance industry are now able to benefit from an extended period of paid leave after the birth of a newborn thanks to the interaction between the statutory scheme and employer funded schemes.

The proposed legislation is misguided and will have a major impact on workers and employers in the finance industry and the stories of how these changes will negatively impact these workers have been laid out in this submission. The economic benefits of this program are both short term and long term and are not worth jeopardising by clawing back the entitlement to access the statutory scheme for workers with access to employer funded paid parental leave.

FSU holds concerns that not only will families be significantly worse off as a result of this change, but that these cuts will widen inequality in the finance industry, an industry that already has a gender pay gap of 30%. There may be unintended consequences as forcing women back to work earlier may exacerbate the issues our industry already faces with return to work discrimination.

FSU members have shared with you through this submission the impact that these changes will have on their lives. This is particularly difficult for those women who are in the early stages of their pregnancy and now face uncertainty about whether the financial plans they have made will be sufficient for their family.

**Recommendation: The FSU recommends that the Senate reject the Fairer Paid Parental Leave Bill 2016.**